

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, MAY 19, 2006

APPLICATION OF

COLUMBIA GAS OF VIRGINIA, INC.

For approval of a performance based rate
regulation methodology pursuant to
Va. Code § 56-235.6

CASE NO. PUE-2005-00098

2006 MAY 19 P 3:25

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUE-2005-00100

Ex Parte, In Re: Investigation of the justness
and reasonableness of current rates, charges,
and terms and conditions of service

ORDER FOR NOTICE AND HEARING

On November 2, 2005, Columbia Gas of Virginia, Inc. ("Columbia" or the "Company"), filed with the State Corporation Commission ("Commission") an Application for approval of a performance based ratemaking methodology ("PBR Plan"), pursuant to § 56-235.6 of the Code of Virginia ("Code"). Columbia requested that the Commission approve the PBR Plan so that it becomes effective on January 1, 2006.

The Company explained in its Application that the PBR Plan: (1) freezes non-gas base rates at their current levels for five years beginning January 1, 2006; (2) foregoes regulatory treatment of merger savings associated with NiSource, Inc.'s ("NiSource"), acquisition of the stock of the Columbia Energy Group ("CEG"), including Columbia Gas of Virginia, Inc.,¹

¹ NiSource is the parent holding company of Columbia. On July 14, 2000, we entered a Final order approving NiSource's acquisition of CEG, subject to certain terms and conditions of a Stipulation entered into by NiSource, New NiSource Inc., Columbia Energy Group, Columbia Gas of Virginia, Inc., as well as the Staff of the

savings that Columbia alleged are approximately \$3.9 million annually; (3) prohibits the Company from seeking, at the expiration of the five-year base rate freeze, recovery of these merger savings; and (4) allows Columbia to request an increase in frozen rates in connection with (i) any changes in federal, state, or local taxation of incumbent natural gas distribution utility revenues, or (ii) any financial distress of the Company beyond its control.

Columbia's proposed PBR Plan will maintain base rates at their current level and allow the Company to focus on new capacity additions and infrastructure necessary to satisfy increasing customer demand and economic growth. The Company advises that it is pursuing: (1) the acquisition of 50,000 Dth per day of Firm Transportation Service ("FTS") capacity to serve its Market Areas 33 and 34 (the area around Richmond and extending southeasterly to Portsmouth), at an expected capital investment cost of \$1 million to \$1.5 million; (2) the acquisition of 40,000 Dth of Firm Storage Service ("FSS") and Storage Service Transportation ("SST") to serve its growing customer base in northern Virginia, at an expected capital investment cost of \$1 million to \$2 million; (3) the acquisition of 40,000 Dth of FTS capacity per day to serve the Gainesville area, at an expected capital investment cost of \$4.5 million to \$5 million; and (4) the acquisition of 40,000 Dth of capacity per day to serve the Fredericksburg area, at an expected capital investment cost of \$10 million to \$12 million. Columbia projects that it will spend an additional \$16.5 million to \$20 million over the next three to five years to attach the foregoing capacity to its distribution system.

Columbia states that its last rate case was in 1998, and thus, its PBR Plan would freeze base rates at their 1998 level until 2010. Columbia concluded that its fully adjusted cost of

Commission. See Joint Petition of NiSource Inc., New NiSource Inc. and Columbia Energy Group, For approval of agreement and Plan of merger under Chapter 5 of Title 56 of the Code of Virginia, Case No. PUA-2000-00024, 2000 S.C.C. Ann. Rep. 179.

service study demonstrates a cumulative revenue deficiency of approximately \$66.5 million during the five-year PBR Plan.

On November 9, 2005, the Commission entered its Preliminary Order in this matter. That Order docketed Columbia's Application as Case No. PUE-2005-00098 and initiated an investigation docketed as Case No. PUE-2005-00100 into the justness and reasonableness of Columbia's current rates, fees, charges, and terms and conditions of service. The Commission directed that the Company's PBR Plan would not be implemented unless and until it was approved by the Commission. The Commission directed the Company to file the schedules required for a general rate application in full compliance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30 ("Rate Case Rules"), on or before February 3, 2006, and directed that the evidence produced in either Case No. PUE-2005-00098 or Case No. PUE-2005-00100 be received concurrently in both of these dockets.

On December 2, 2005, Columbia filed a Motion to Extend Filing Date and for Waiver of Annual Informational Filing Rules ("Motion"). Columbia requested that the Commission extend the date by which it was to file the schedules required for a general rate application as directed by the Commission's Preliminary Order from February 3, 2006, through and including May 1, 2006, an extension Columbia advised was needed to file the required schedules based on a calendar year ended December 31, 2005. In the alternative, Columbia proposed to use a split year test period for the twelve months ended September 30, 2005, and requested a thirty-day extension to and through March 6, 2006, in which to file the required schedules. The Company further requested a waiver of the requirement that it file a duplicative Annual Informational Filing ("AIF") for the calendar year 2005.

On December 14, 2005, the Commission Staff filed a Response to the Motion. On December 29, 2005, the Company filed a Reply to the Staff's Response.

On January 4, 2006, the Commission issued its Order on Motion, wherein the Commission directed the Company to file with the Commission on or before May 1, 2006, the schedules required for a general rate application in full compliance with the Rate Case Rules, based on calendar year 2005. The Commission also granted Columbia a waiver from filing a duplicative AIF for calendar year 2005.

On April 12, 2006, Columbia filed a Motion for Waiver requesting a waiver of the requirements set out in the Rate Case Rules to file Schedule 31 (Proposed Rates and Tariffs), Schedule 32 (Present and Proposed Revenues), and Schedule 33 (Sample Billing).

On April 27, 2006, after considering the Response of the Staff and Columbia's Reply, the Commission entered its Order Denying Motion and directed the Company to file Schedules 31, 32, and 33 on or before May 8, 2006.

On May 1, 2006, the Company filed Schedules 1-30 of the Rate Case Rules with the Commission. In the cover letter accompanying these Schedules, the Company advised that "[t]he Schedules show an additional annual revenue requirement of \$19,288,735."

On May 8, 2006, the Company filed Schedules 31, 32, and 33 required by the Rate Case Rules with the Commission. The schedules included in the general rate investigation filing reflect an effective date of rates and tariffs of October 5, 2006. However, pursuant to the terms and conditions of the Company's PBR Plan, the Company proposes to forego any rate increase and the Company does not intend to place the schedules submitted in the general rate investigation filing in effect on an interim basis during the pendency of the Application for approval of the PBR Plan.

Columbia's general rate investigation filing incorporates changes to the Company's rates, charges, rules and regulations for its sales, transportation and other services, including new operational requirements for large volume transportation customers. The filing also includes changes to the Company's Rate Schedules, General Terms and Conditions, and Form of Service Agreements.

Specifically, the general rate investigation filing includes revisions to Rate Schedules RS - Residential Service, RTS - Residential Transportation Service, MPS - Metered Propane Service, PDS - Propane Delivery Service, SGTS - Small General Transportation Service, SGS - Small General Service, ACS - Air Conditioning Service, ACTS - Air Conditioning Transportation Service, UGLS - Unmetered Gas Light Service, UGLTS - Unmetered Gas Light Transportation Service, LGS - Large General Service, TS1/TS2 - Transportation Service 1 and 2, LVTS - Large Volume Transportation Service, LVEDTS - Large Volume Economic Development Transportation Service, EDS - Economic Development Service, DES - Distributor Exchange Service, CSPS - Competitive Service Provider Service, and AS - Aggregation Service. Columbia's general rate investigation filing also closes the curtailable service option under Rate Schedule LGS to new customers. The following new Rate Schedules were also included in the general rate investigation filing: Rate Schedules SS - Standby Service, BBS - Banking and Balancing Service, DPS - Demand Polling Service, and DGTS - Daily Gas Transfer Service.

Columbia's general rate investigation filing also modifies the following provisions of its General Terms and Conditions: Definitions; Measurement; Quality; Possession and Warranty of Title; Discontinuance of Service; Billing and Payment; Installation of Distribution Facilities; Daily Curtailment and Interruption of Service; Volumetric Limitations and Curtailment Provisions; Rate Schedules RS, RTS, SGS, SGTS, MPS, PDS, UGLS, UGLTS, ACS and

ACTS - Additional Terms and Conditions; Taps On High Pressure Lines for Service to Rural Customers; New Space Heating Service; Transportation Service Rate Schedules - Additional Terms and Conditions; First/Last Gas Through the Meter; PGA Terms and Conditions; Transition Costs Recovery Mechanism; Service Agreement General Terms and Conditions; and Special Services Charges. Columbia also adds a provision to its General Terms and Conditions entitled Alternative Price Index.

Columbia's general rate investigation filing also modifies the Form of Service Agreement for Large General Service, the Form of Service Agreement for Gas Transportation Service, the Competitive Service Provider Service Agreement, and the Aggregation Service Service Agreement. Columbia's filing eliminates the generic Form of Service Agreement, and adds a new Appointment of Agent and Acknowledgement of Service Form (for Rate Schedules TS1/TS2, LVTS and LVEDTS), a Banking and Balancing Service Agreement (for Rate Schedules LVTS and LVEDTS), and a Standby Service Agreement (for Rate Schedule LVTS and LVEDTS).

NOW UPON CONSIDERATION of the Application and applicable law, the Commission is of the opinion and finds as follows. A procedural schedule shall be established, and Columbia shall give notice to the public of its request for a PBR Plan and its general rate investigation filing, all as prescribed below. Moreover, pursuant to § 56-235.6 of the Code, until the Commission directs appropriate notice of the Company's PBR Plan, provides an opportunity for hearing, and makes the findings required under § 56-235.6 of the Code, Columbia has no authority to implement a PBR Plan. Accordingly, Columbia shall not implement its PBR Plan unless and until approved by the Commission.

Likewise, the Company's general rate investigation filing docketed as Case No. PUE-2005-00100, shall be set for hearing and public notice provided as set forth herein. In addition, until the Commission directs appropriate notice of the Company's general rate investigation filing docketed as Case No. PUE-2005-00100, provides opportunity for hearing, and makes its final determination in this matter, the Company has no authority to implement the increase in additional annual revenue requirement referenced in the Company's PBR Plan, the cover letter accompanying its general rate investigation filing, or the May 8, 2006, cover letter accompanying Schedules 31-33.

Accordingly, IT IS ORDERED THAT:

- (1) The PBR Plan shall not be implemented unless and until approved by the Commission.
- (2) In accordance with the Company's representations, no increase in conjunction with the Company's general rate investigation filing shall be implemented unless and until approved by the Commission, subject, however, to the authority of the Commission, after investigation and hearing, to fix and order substitutes for such rate or rates, tolls, charges, rules, or regulations, as shall be just and reasonable.²
- (3) The Company may withdraw its PBR Plan in accordance with § 56-235.6 of the Code.
- (4) The evidence in this proceeding shall be received concurrently in both of the captioned dockets.

² We note that in Columbia's Motion requesting a waiver of the requirement to file Schedules 31, 32, and 33, Columbia represented that it did not intend to request approval of an increase in its rates and charges, modifications to its rate design, or modifications to its tariff provisions in the rate investigation. See April 12, 2006, Motion for Waiver, at 2. In its May 8, 2006, submission of Schedules 31-33, Columbia advised that it proposed to forego any rate increase pursuant to the terms and conditions of its PBR Plan filing and did not intend to place the schedules filed on May 8, 2006, in effect on an interim basis.

(5) A copy of the Application and this Order for Notice and Hearing, as well as other documents now or hereafter filed in these matters, shall be available for public inspection in the Commission's Document Control Center located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. A copy of the Application may also be obtained by requesting a copy of the same from counsel for Columbia, Edward L. Flippen, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030. Upon receipt of a request for a copy of the Application, Columbia shall serve copies of the same upon the requesting party within three (3) business days of such request. If acceptable to the requesting party, the Company may provide the Application, with or without attachments, by electronic means. In addition, copies of the Commission's Order for Notice and Hearing and other Orders entered in these dockets, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>.

(6) As provided by § 12.1-31 of the Code of Virginia and the Commission's Rules of Practice and Procedure, 5 VAC 5-20-120, Procedures before Hearing Examiners, a hearing examiner is appointed to conduct all further proceedings in these matters on behalf of the Commission and to issue a final report herein.

(7) A public hearing shall be convened on November 29, 2006, at 10:00 a.m., before the Commission's Hearing Examiner in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence in the above-captioned dockets. Any person not participating as a respondent as provided for below may give oral testimony concerning these cases as a public

witness at the hearing. Public witnesses desiring to make statements at the public hearing need only appear in the Commission's Second Floor courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's bailiff.

(8) On or before May 19, 2006, Columbia shall file an original and fifteen (15) copies of any additional prefiled direct testimony, exhibits, and other material addressing accounting, capital structure, return on equity, and affiliate issues with the Clerk of the Commission, c/o Document Control Center, Tyler Building, P.O. Box 2118, Richmond, Virginia 23218-2118, supporting its PBR Plan and/or its general rate investigation filing.

(9) On or before June 1, 2006, Columbia shall file an original and fifteen (15) copies of any additional prefiled direct testimony, exhibits, and any other material addressing Columbia's proposed tariff revisions and rate design related issues with the Clerk of the Commission at the address set forth above, supporting the Company's PBR Plan and/or its general rate investigation filing.

(10) On or before June 15, 2006, Columbia shall file an original and fifteen (15) copies of any additional prefiled direct testimony, exhibits, and any other material addressing issues related to Columbia's proposed acquisition adjustment with the Clerk of the Commission at the address set forth above, supporting the Company's PBR Plan and/or its general rate investigation filing.

(11) Any interested person may participate as a respondent in this proceeding by filing, on or before July 28, 2006, an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set out in Ordering Paragraph (8) above and shall simultaneously serve a copy of the notice of participation on counsel for Columbia at the address

set out in Ordering Paragraph (5) herein. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Respondents shall refer in all of their filed papers to Case Nos. PUE-2005-00098 and PUE-2005-00100.

(12) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed by the Company with the Commission unless these materials have already been provided to the respondent.

(13) On or before September 15, 2006, each respondent shall file with the Clerk an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company and on all other respondents. The respondent shall comply with the Commission's Rules of Practice and Procedure, including: 5 VAC 5-20-140, Filing and Service; 5 VAC 5-20-150, Copies and Format; and 5 VAC 5-20-240, Prepared Testimony and Exhibits.

(14) On or before September 15, 2006, any interested person may file with the Clerk of the State Corporation Commission, c/o Document Control Center, Tyler Building, P.O. Box 2118, Richmond, Virginia 23218-2118, written comments in the proceeding and shall simultaneously serve a copy on counsel to Columbia at the address set forth in Ordering Paragraph (5) herein. On or before September 15, 2006, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>, and referring to Case Nos. PUE-2005-00098 and PUE-2005-00100.

(15) The Commission Staff shall investigate the proposed PBR Plan and the general rate investigation filing. On or before October 16, 2006, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's prefiled direct testimony and exhibits and shall serve a copy of the same on counsel to the Company and on all respondents participating in the captioned proceedings.

(16) On or before November 6, 2006, Columbia shall file with the Clerk of the Commission in both dockets an original and fifteen (15) copies of any rebuttal testimony and exhibits and shall serve a copy on the Commission Staff assigned to these matters and all respondents herein.

(17) On or before July 5, 2006, the Company shall cause the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory within the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF
COLUMBIA GAS OF VIRGINIA, INC.'S, REQUEST FOR
PERFORMANCE BASED RATE REGULATION AND
GENERAL RATE INVESTIGATION FILING
CASE NOS. PUE-2005-00098 AND PUE-2005-00100

On November 2, 2005, Columbia Gas of Virginia, Inc. ("Columbia" or the "Company"), filed with the State Corporation Commission ("Commission") an Application for approval of a performance based ratemaking methodology ("PBR Plan"), pursuant to § 56-235.6 of the Code of Virginia ("Code"). The Company explained in the Application that its proposed PBR Plan: (1) freezes non-gas base rates at their current levels for five years beginning January 1, 2006; (2) foregoes regulatory treatment of merger savings associated with NiSource, Inc.'s ("NiSource"), acquisition of the stock of the Columbia Energy Group ("CEG"), including Columbia Gas of Virginia, Inc., savings that Columbia represents are approximately \$3.9 million annually; (3) prohibits the Company from seeking at the expiration of the five-year base rate freeze recovery of these merger savings; and (4) allows Columbia to request an increase in frozen rates in connection with (i) any changes in federal, state, or local taxation of incumbent

natural gas distribution utility revenues, or (ii) any financial distress of the Company beyond its control. Columbia states that its last rate case was in 1998, and thus, its PBR Plan would freeze base rates at their 1998 level until 2010. The Company concluded that its fully adjusted cost of service study demonstrates a cumulative revenue deficiency of approximately \$66.5 million during the five-year PBR Plan.

On November 9, 2005, the Commission entered its Preliminary Order in this proceeding. That Order docketed Columbia's Application for approval of a PBR Plan as Case No. PUE-2005-00098 and initiated an investigation docketed as Case No. PUE-2005-00100 into the justness and reasonableness of Columbia's current rates, fees, charges, and terms and conditions of service. Among other things, the Commission directed Columbia to file the schedules required for a general rate application in full compliance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings, 20 VAC 5-200-30.

On May 1, 2006, the Company filed Schedules 1-30 required by the Commission's Rate Case Rules with the Commission. The schedules addressed the Company's cost of capital, return on equity, and accounting adjustments and purported to show an additional annual revenue requirement of \$19,288,735.

On May 8, 2006, the Company filed Schedule 31 (Proposed Rates and Tariffs), Schedule 32 (Present and Proposed Revenues), and Schedule 33 (Sample Billing) required by the Commission's Rate Case Rules. The cover letter accompanying these schedules advised that the Company proposed to forego any rate increase pursuant to the terms and conditions of the Company's proposed PBR Plan and, further, did not intend to place its revised tariff schedules in effect on an interim basis.

Columbia's proposed PBR Plan, if approved, will maintain the Company's base rates at their current level and allow the Company to focus on new capacity and infrastructure additions necessary to satisfy increasing customer demand and economic growth. The Company advised that it was pursuing: (1) the acquisition of 50,000 Dth per day of Firm Transportation Service ("FTS") capacity to serve its Market Areas 33 and 34 (the area around Richmond and extending southeasterly to Portsmouth), at an expected capital investment cost of \$1 million to \$1.5 million; (2) the acquisition of 40,000 Dth of Firm Storage Service ("FSS") and Storage Service Transportation ("SST") to serve its growing

customer base in northern Virginia, at an expected capital investment cost of \$1 million to \$2 million; (3) the acquisition of 40,000 Dth of FTS capacity per day to serve the Gainesville area, at an expected capital investment cost of \$4.5 million to \$5 million; and (4) the acquisition of 40,000 Dth of capacity per day to serve the Fredericksburg area, at an expected capital investment cost of \$10 million to \$12 million. Columbia projects that it will spend an additional \$16.5 million to \$20 million over the next three to five years to attach the foregoing capacity to its distribution system.

The Company's general rate investigation filing provides for the revision of its tariffs, rates, fees, and charges. The schedules included in the general rate investigation filing also reflect an effective date of rates and tariffs of October 5, 2006. However, pursuant to the terms and conditions of the Company's PBR Plan, the Company proposes to forego any rate increase and the Company does not intend to place the schedules submitted in the general rate investigation filing in effect on an interim basis during the pendency of the Application for approval of the PBR Plan.

Columbia's general rate investigation filing incorporates changes to the Company's rates, charges, rules and regulations for its sales, transportation and other services, including new operational requirements for large volume transportation customers. The filing also includes changes to the Company's Rate Schedules, General Terms and Conditions, and Form of Service Agreements.

Specifically, the general rate investigation filing includes revisions to Rate Schedules RS - Residential Service, RTS - Residential Transportation Service, MPS - Metered Propane Service, PDS - Propane Delivery Service, SGTS - Small General Transportation Service, SGS - Small General Service, ACS - Air Conditioning Service, ACTS - Air Conditioning Transportation Service, UGLS - Unmetered Gas Light Service, UGLTS - Unmetered Gas Light Transportation Service, LGS - Large General Service, TS1/TS2 - Transportation Service 1 and 2, LVTS - Large Volume Transportation Service, LVEDTS - Large Volume Economic Development Transportation Service, EDS - Economic Development Service, DES - Distributor Exchange Service, CSPS - Competitive Service Provider Service, and AS - Aggregation Service. Columbia's general rate investigation filing also closes the curtailable service option under Rate Schedule LGS to new customers. The following new Rate

Schedules were also included in the general rate investigation filing: Rate Schedules SS - Standby Service, BBS - Banking and Balancing Service, DPS - Demand Polling Service, and DGTS - Daily Gas Transfer Service.

Columbia's general rate investigation filing also modifies the following provisions of its General Terms and Conditions: Definitions; Measurement; Quality; Possession and Warranty of Title; Discontinuance of Service; Billing and Payment; Installation of Distribution Facilities; Daily Curtailment and Interruption of Service; Volumetric Limitations and Curtailment Provisions; Rate Schedules RS, RTS, SGS, SGTS, MPS, PDS, UGLS, UGLTS, ACS and ACTS - Additional Terms and Conditions; Taps On High Pressure Lines for Service to Rural Customers; New Space Heating Service; Transportation Service Rate Schedules - Additional Terms and Conditions; First/Last Gas Through the Meter; PGA Terms and Conditions; Transition Costs Recovery Mechanism; Service Agreement General Terms and Conditions; and Special Services Charges. Columbia also adds a provision to the General Terms and Conditions entitled Alternative Price Index.

Columbia's general rate investigation filing modifies the Form of Service Agreement for Large General Service, the Form of Service Agreement for Gas Transportation Service, the Competitive Service Provider Service Agreement, and the Aggregation Service Service Agreement. Columbia's filing eliminates the generic Form of Service Agreement, and adds a new Appointment of Agent and Acknowledgement of Service Form (for Rate Schedules TS1/TS2, LVTS and LVEDTS), a Banking and Balancing Service Agreement (for Rate Schedules LVTS and LVEDTS), and a Standby Service Agreement (for Rate Schedule LVTS and LVEDTS).

The Company's request for a PBR Plan is docketed and assigned Case No. PUE-2005-00098. The Company's general rate investigation filing is docketed and assigned Case No. PUE-2005-00100. In accordance with the Commission's findings made in its orders, Columbia's PBR Plan cannot be implemented unless and until approved by the Commission, and the Company's general rate investigation filing revisions cannot be implemented on a permanent basis unless and until approved by the Commission.

Interested persons are encouraged to review the proposed PBR Plan, the general rate investigation filing, and the supporting

documents for these filings. The evidence in these proceedings shall be received concurrently in Case Nos. PUE-2005-00098 and PUE-2005-00100. If the PBR Plan, for example, is not approved or is modified by the Commission in a manner the Company does not choose to accept, the Commission, without additional notice, may take action in the general rate investigation filing docket and establish just and reasonable rates for Columbia. Interested persons should be advised that, after considering all of the evidence, the Commission may approve, reject, or modify the PBR Plan, may approve an annual revenue requirement, or implement a decrease in revenues and adjust rates, fees, charges, and terms and conditions of service that are the same or different from those appearing in either the general rate investigation filing or the PBR Plan. Further, the Commission may apportion revenues among customer classes in a manner that is the same or different from those in the general rate investigation filing or PBR Plan.

Interested persons may review a copy of the Application for the PBR Plan and the general rate investigation filing, as well as the Commission's Order for Notice and Hearing, in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. A copy of these documents may also be obtained at no cost by interested persons by making a written request to the Company's counsel, Edward L. Flippen, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030. If acceptable to the requesting party, the Company may provide these documents, with or without attachments, by electronic means. In addition to the Commission's Order for Notice and Hearing and other orders entered in these dockets, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

A public hearing will be convened before one of the Commission's Hearing Examiners on November 29, 2006, at 10:00 a.m., in the Commission's Courtroom, located on the second floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from members of the public and to receive evidence in Case Nos. PUE-2005-00098 and PUE-2005-00100. Any person not participating as a respondent as provided for below may present oral testimony concerning these cases as a public witness at the hearing.

Public witnesses desiring to make statements at the public hearing need only appear in the Commission's Second Floor Courtroom in the Tyler Building at the address set forth above prior to 9:45 a.m. on the day of the hearing and register a request to speak with the Commission's bailiff.

Any interested person may participate as a respondent in this proceeding by filing, on or before July 28, 2006, an original and fifteen (15) copies of a notice of participation with the Clerk, State Corporation Commission, c/o Document Control Center, Tyler Building, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to Columbia at the address set out above.

Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action sought. Interested parties shall refer in all of their filed papers to Case Nos. PUE-2005-00098 and PUE-2005-00100. Interested persons should obtain a copy of the Commission's Order in this proceeding for additional information about participation as a respondent.

On or before July 28, 2006, any interested person desiring to participate as a public witness may file with the Clerk of the Commission, at the address set forth above, written comments in this proceeding and shall simultaneously serve a copy of the same on counsel for Columbia at the address set out herein. On or before July 28, 2006, any interested person desiring to submit comments electronically may do so by following the instructions found in the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

COLUMBIA GAS OF VIRGINIA, INC.

(18) On or before July 5, 2006, Columbia shall serve a copy of its Application, its general rate case filing, and this Order for Notice and Hearing on the Chairman of the Board of Supervisors and county attorney of each county and on the Mayor or Manager of every city and town (or on equivalent officials in counties, towns, and cities having alternative forms of government) in which Columbia provides service. Service shall be made by personal delivery or

first-class mail, postage prepaid, to the customary place of business or residence of the person served.

(19) On or before November 6, 2006, Columbia shall file with the Clerk of the Commission proof of the notice and service required on Ordering Paragraphs (17) and (18).

(20) The Commission's Rules of Practice and Procedure, 5 VAC 5-20-260, Interrogatories to parties or requests for production of documents and things, shall be modified for this proceeding as follows: (i) answers shall be served within ten (10) calendar days after receipt of interrogatories or requests for production of documents; (ii) objections shall be served within seven (7) calendar days after receipt of interrogatories or requests for production of documents; and (iii) motions on the validity of any objections shall be filed within ten (10) calendar days of receipt of any objection.

(21) These matters are continued pending further Order of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Edward L. Flippen, Esquire, Bernard L. McNamee, Esquire, and Kristian M. Dahl, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219-4030; James S. Copenhaver, Esquire, Senior Attorney, and T. Borden Ellis, Esquire, NiSource Corporate Services Company, 1809 Coyote Drive, Chester, Virginia 23836; C. Meade Browder, Jr., Senior Assistant Attorney General, and Ashley C. Beuttel, Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 900 East Main Street, Second Floor, Richmond, Virginia 23219; Louis R. Monacell, Esquire, Christian & Barton, L.L.P., 1200 Mutual Building, 909 East Main Street, Richmond, Virginia 23219-3095; and the Commission's Office of General Counsel and Divisions of Public Utility Accounting, Energy Regulation, Utility and Railroad Safety, and Economics and Finance.